



# Consumer protection in light of current practice of Russian courts

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# Overview

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There has been a tendency to demand insurance in more and more contexts, but also a relatively substantial readiness to completely change the system. A good example of this tendency is Third party liability insurance.

Court practice does not give a complete picture because

- there are likely to be very many out of court settlements
- there is no systematic collection of court practice. The systematization is difficult due to the length and lack of structure in the judicial decisions.

As a consequence, the assessment of the legal situation is typically limited to the

- reading of the law or
- extreme situations

# State Supervision

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The review of

- insurance conditions and
- of linkage of goods with insurance (typical example sale of cars on credit

by supervisory bodies is very professional.

# A Summary of Case Law

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Courts argue that the untrue declaration about risks existing before the entry into an insurance contract is no sufficient reason to decline payment of the insurance sum because the insurer could have checked the declaration

Relative culpability of causation of harm is seen narrowly, typical issues

- the reason for a death is not seen as being self inflicted (example drunkenness or suicide) if ultimate cause of death was heart attack
- Absence of a right to drive is of no value in connection with a car accident

Limitations for the establishment of rules that allow to deduct wear and tear from the insurance amount (case of car theft) have been established

Mandatory minimum penalties linked to the insurance premium have been established by courts to ensure consumer protection

Conclusion: The narrow manner in which Russian courts tend to evaluate matters favors consumers, and if the legal situation is not favorable to the consumer the courts are open to applying law by analogy

# More General Tendencies

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- No change in establishment of facts by police in case of travel accidents
- Systematization in health system continues to not be monetized
- Problems in the insurance system lead to its restructuring
  - mandatory car insurance turned from money to in kind compensation
  - if the cleaning of the banking system is taken as a model, the likelihood of the insurance market being overly lively in the next time is not high

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The current set-up of the insurance industry leads to a redistribution to

- to the «consumer terrorist» from the ordinary uninsured person
- from those insurers who are ready to allocate risks professionally to those insurers who place their own interests first

Administration cost (net cost of insurers and brokers) as compared to insurance payments is likely to be higher than in other countries



Thank you!

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